and Railways keeping in view the local requirements of field offices. The annual Finance Accounts and Appropriation Accounts are also test checked, certified and thereafter placed before State Legislatures/Parliament.

(b) Cases of financial irregularities, unfruitful/infructuous expenditure, deviations from the prescribed procedure, defective sanctions, excess expenditure, losses etc. noticed during audit are brought to the notice of Head of Office/Department, Administrative Secretary of the department concerned. The important and major objections noticed during the audit which merit being preported to the Parliament and State Legislatures are included in the Reports of the Comptroller & Auditor General of India which are placed before the State Legislatures and the Parliament.

(c) According to standing instructions, remedial/corrective action is required to be taken by the executive departments on Audit observations. In respect of matters included in Audit Reports which are examined in detail by the Public Accounts Committees, Government is required to furnish Action Taken Notes on the recommendations made by the Committee.

**Duty on Import of Aircrafts and Spares**

5399. SHRI E. BALANANDAN : Will the Minister of FINANCE be pleased to state :

(a) what is the response in aviation circles to the budget proposals to abolish the three percent duty for the import of aircraft and 17 percent excise duty on spares;

(b) how his Ministry is favouring some of the International Airlines for equity participation with private Indian Operators causing damage to National carriers; and

(c) the reasons thereof and how much business and foreign exchange the three National carriers will part with individually ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) Aeroplane and helicopter were fully exempted from import duty even prior to the budget 1994-95. This exemption continues. Customs duty on other aircrafts has been reduced from 85% to 65% in this year's budget. So far as spares are concerned, all spare parts (other than rubber tyre and tubes for aeroplane) for servicing of aeroplane or helicopter have been fully exempted from excise duty. The duty changes would help in making air services cost effectives.

(b) and (c) Foreign equity participation under the air taxi scheme is permitted to a ceiling of 40%. This would enable the air taxi operators to have a larger capital base. The permission is to be granted on a case-to-case basis on merits. So far only in one case, foreign equity participation has been allowed. As a result of air taxi operations, Indian Airlines traffic has been affected adversely. However, quantification of exact loss of business and foreign exchange to the national carriers is not possible as it depends upon various factors like consumer behaviour etc. which cannot be predicted.

**Stock Exchange at Itanagar**

5400. SHRI NYODEK YONGGAM : Will the Minister of FINANCE be pleased to state :

(a) whether Government had received any memorandum from the Chief Minister of Arunachal Pradesh to open a Stock Exchange at Itanagar, the capital of Arunachal Pradesh; and

(b) if so, what is the reason for the delay in sanctioning of the stock exchange at Itanagar ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) The Chief Minister, Arunachal Pradesh, had sent a letter requesting for approval of the Government for establishment of a Stock Exchange in Arunachal Pradesh.

(b) A reply has already been sent to the Chief Minister, Arunachal Pradesh stating that the establishment of a Stock Exchange in the State does not seem justifiable.

**Coverage to Railway Pensioners under 5th Pay Commisssion**

5401. SHRI MD. SALIM : Will the Minister of FINANCE be pleased to state :

(a) whether the Railway pensioners' issues are included in the terms of reference to Fifth Pay Commission;

(b) if so, details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE : (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) and (b) The terms of reference of the Fifth Pay Commission include examination of the pension structure for all Central Government pensioners, which includes Railway pensioners, and make recommendations relating thereto which may be desirable and feasible.

(c) Does not arise.

**Recruitment of L.I.C. Agents**

5402. SHRI MD. SALIM : Will the Minister of FINANCE be pleased to state :

(a) whether LIC has any plans to recruit agents only after 3 months training to stop recruitment of Benami agents by Development Officers; if so, the details thereof;

(b) whether Government have taken any action to restore the service and payment of full back wages to employees terminated by LIC, in violation of Sec. 25-F of Industrial Disputes Act; and

(c) if so, the detials thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) No, Sir.

(b) LIC have reported that there has been no termination of any employee in violation of Section 25-F of the Industrial Disputes Act. The question of payment of back wages, therefore, does not arise.

(c) Does not airse.

**Newsitem Captioned 'Investors Prev to Silent Scam'**

5403. SHRI KRISHAN LAL SHARMA : Will the Minister of FINANCE be pleased to state :

(a) whether Government's attention has been drawn to a newsitem published in "The Hindustan Times" dated 23rd February, 1994 under the caption 'Investors prey to silent scam';

(b) if so, whether any enquiry has been held in this matter;

(c) if so, the results of the enquiry; and

(d) action taken as a result of the enquiry?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) Yes, Sir.

(b) and (c) Reserve Bank of India (RBI) has reported that it has been receiving complaints for sometime in the past for sometime in the past from companies/individuals against interception of interest/dividend warrants, refund orders and other payment instruments issued by various companies/institutions by unscrupulous persons. By and large, the modus operandi employed in such fraudulent transactions can be broadly categorised as under :

(a) Opening of fictitious accounts and lodgement/collection of stolen/pilfered/benami instruments and subsequent withdrawal of the proceeds thereof.

(b) Collection/lodgement of third party instruments in genuinely opened current accounts and subsequent withdrawal of the proceeds thereof.

(c) Encashment of payment instruments wherein payee names and maturity amounts were chemically altered and the instruments were collected through fictitious accounts.

(d) RBI has reiterated its instructions to the banks to strictly adhere to essential safeguards in the matter of opening/conduct of operative deposit accounts. The Banks have also been directed to introduce the practice of obtaining photographs of the depositors/account holders who are authorised to operate the accounts at the time of opening of all new operative accounts with effect from 1st January, 1994. In certain business pockets in Bombay, where the